



State of Vermont
Vermont Department of Education
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To: Superintendents
Special Education Administrators
Business Managers

From: Margaret C. Schelley
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Date: December 16, 2009

Subject: FY-2011 Preliminary Special Education Formula Revenue Projections

Field Memo: 09-15

The FY-2011 Service Plan estimates have been compiled and the total for the K-12 special education costs to be covered by Federal/State/local funds is \$267,701,671. This is an increase of 1.3% over the FY-2010 Service Plan estimate of \$264,277,011 provided last October. The FY-2011 Service Plan amount is 8.7% over the FY-2009 Actual "Service Plan" amount of \$246,280,185 (computed from the final FY-2009 Special Education Expenditure Reports as of September 23, 2009).

Service Plan Summary Printout: Attachment 1 is a summary of the FY-2011 Service Plans showing the cost for each school district and supervisory union incurring K-12 special education costs. All formula-related projections are based on these figures. If you note any error, please notify me by January 8th. Unless there are significant problems with this information, this is the information that we will be using during the legislative session as a basis for the revenue projections.

Attachment 2 is a comparison by supervisory union of the K-12 special education estimated costs from the FY-2011 Service Plans. The amounts for FY-2011 are shown along with the FY-2010 and FY-2009 Service Plan estimates and the FY-2009 Actual "Service Plan" amounts (computed from the final FY-2009 Special Education Expenditure Reports as of September 23, 2009).

IDEA-B Federal Funds: *It is important that you understand how we have calculated the estimated federal revenue because we use a formula for all supervisory unions that may not match how your supervisory union plans to use the funds.*

Based on recent information, Congress has passed a level funded (without ARRA) appropriation for IDEA-B for FY-2011 so the amounts should be very close to the FY-2010 regular allocations. Therefore we started with the FY-2010 regular allocation plus 1/2 of the ARRA allocation. For the portion of IDEA-B Basic (4226) funds that would be applied to the K-12 special education costs, the calculation is based on the split in IDEA-B grant expenditures reported for FY-2009 as K-12 eligible cost versus preschool and ineligible cost for the individual supervisory union. It was also assumed that any supervisory union with significant carryover would be using some of those additional funds. The federal funds were broken down to member districts was based either on the assessment percentages used in the Service Plan or ADM.

FY-2011 Special Education Formula Based on Service Plan Estimates: The Special Education Formula projections are based on your estimates reported on Section B, Part 2 of the FY-2010 Service Plan. The FY-2010 projected K-12 special education costs less the estimated amount of federal IDEA-B funds are used as the estimated K-12 formula eligible special education costs. *If the K-12 special education budget for your school districts has been adjusted since the FY-2010 Service Plan estimate was provided, you will need to recalculate the state funding based on your revised budget figures.*

Summary of the Special Education Funding Formula in effect for FY-2011:

Mainstream Block Grant: Each school district's Block Grant is based on its K-12 resident student ADM plus the statewide average salary for special education teachers (\$54,077) and administrators (\$82,170) for the current year. For each 1,000 students in a school district's ADM, the Block Grant formula generates an amount based on the 9.75 special education teaching positions at the statewide average salary. Each school district is also credited with a portion of special education administration positions generated for the supervisory union (between 1.0 and 2.0 for each supervisory union) at the statewide average salary. The State funds 60% of the amount generated by the formula with 40% being local match. Attachment 3 is a detailed printout of the block grant.

Extraordinary Reimbursement: In this component, special education costs for an individual student that exceed the threshold amount of \$50,000 are reimbursed at 90%. The funding projections for Extraordinary Reimbursement are based on the estimated cost of the 245 K-12 students estimated as eligible for this funding in the service plans.

Special Education Expenditures Reimbursement: Special Education Expenditures Reimbursement covers the eligible special education costs that have not been covered by the State and local shares of the other formula components - Mainstream Block Grant and Extraordinary Reimbursement, or been paid by federal or other funds. These costs are generally reimbursed at a flat rate for all school districts. The estimated rate for FY-2011 is 56.13%.

These revenue projections do not attempt to estimate any amounts that would be eligible for higher rates of Special Education Expenditures Reimbursement under the unexpected/unusual funding provision or the exceptional circumstance provision. This estimate allows for \$900,000 for funding for these provisions.

Essential Early Education Grant: Attachment 5 shows the projected EEE grant for FY-2011 which reflects a decrease over the FY-2010 amount. The decreased in the index used for the EEE grant is because the statute uses 2002 as a base year the New England Economic Project index. This year shows a smaller amount than last year after the numbers were adjusted. The total State funding for FY-2011 is expected to be \$5,679,216. The EEE grant is based on each town's ADM for resident students in grades 1, 2, & 3. This grant is intended to fund a portion of the cost of special education for children age three through five.

If we are anticipating that the grants will be made to the union elementary school district, the union district number is indicated after the name of the town. We may need to talk to the supervisory unions for the union elementary school districts to ensure that this matches how EEE is handled in their supervisory union.

If you have questions about the printouts, please feel free to call me at 828-5119.

Enclosures:

- Attachment 1 FY-2011 Special Education Estimated Cost by Budget Entity
- Attachment 2 FY-2011 Service Plan Estimate Compared to FY-2010 Estimate and FY-2009 Actual
- Attachment 3 FY-2011 Mainstream Block Grant Calculation
- Attachment 4 FY-2011 Special Education Funding Formula Projections
- Attachment 5 Estimated FY-2011 Essential Early Education Grants